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**FISCAL IMPACT STATEMENT**

**LS 6469**

**BILL NUMBER:** HB 1176

**NOTE PREPARED:** Dec 27, 2007

**BILL AMENDED:**

**SUBJECT:** License Plate Replacement Cycle.

**FIRST AUTHOR:** Rep. Duncan

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill authorizes the Bureau of Motor Vehicles (BMV) to determine the length of the cycle for issuance and replacement of license plates. It provides that the cycle must be at least five years and not more than eight years.,

**Effective Date:** Upon passage; July 1, 2008.

**Explanation of State Expenditures:** The bill allows the Commissioner of the BMV to establish the cycle length for license plates to be at least 5 years, but not more than 8 years. Currently, the cycle length is established in statute to be 5 years.

Extending the length of the cycle will result in reduced plate production and expenditures. The impact will depend upon the cycle adopted by the BMV. If, for example, an 8-year cycle is adopted, the first anticipated impact will occur in CY 2018 when there will be lower production by an estimated 5.1 million plates, but with a corresponding higher production of 5.1 million plates in 2021. This shift represents approximately \$18.11 M. The average difference in plate production per year over a 40-year period between a 5-year cycle and an 8-year cycle is 382,500 per year for reduced expenditures to the system of an estimated \$1.4 M per year.

For the Department of Correction (DOC), the fund affected is the PEN PRODUCTS Revolving Fund. The DOC notes that the impact of a longer plate cycle on inmate employment is expected to be minimal.

The fund affected for the BMV is the Motor Vehicle Highway Account, which supports the BMV and from which come funds for the manufacture of license plates. For plate years, the BMV requests additional funds in their appropriation requests to cover the cost of license plate manufacturing.

**Background Information:** For the 5-year plate renewal cycle beginning in 1998, PEN PRODUCTS, the manufacturing and sales arm of the DOC, reports that 6,274,351 plates were produced. In 2003, 6,197,200 plates were produced, with 6,419,236 produced for the 2008 cycle. In non-plate years, plate production averages about 1.3 million plates per year.

**Explanation of State Revenues:** PEN PRODUCTS produces the license plates and sells them to the BMV. See *Explanation of State Expenditures* for the production impact.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** BMV; Prison Enterprise Network (PEN PRODUCTS) of the Department of Correction.

**Local Agencies Affected:**

**Information Sources:** Becky Deeb, PEN PRODUCTS, 317-388-8580, Ext. 220; Mike Jones, Controller, PEN PRODUCTS, 317-388-8580, ext. 238.

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